

ADMINISTRATIVE
INTERNAL USE ONLY

17 June 1977

MEMORANDUM FOR THE RECORD

FROM : [REDACTED]
Chief, Benefits and Services Division

SUBJECT: Physical Conditioning and Recreational
Facilities

1. A meeting was held in the office of the DDCI on 17 June 1977 in order to discuss our paper on this subject and the most recent OGC opinion. In attendance in addition to the DDCI were: Messrs. Blake, [REDACTED] and myself. STATINTL

2. Before starting on the specific topic, Mr. Knoche asked about the Central Employee Activities Fund (CEAF). Mr. Blake explained that it is a fund administered by the DDA consisting of the excess net profits of non-appropriated fund clubs that were operated in the past at some overseas stations. When these stations were closed, the remaining non-appropriated funds were placed in the CEAF.

3. A general discussion was then held regarding the legal restrictions of using appropriated funds for recreation purposes and the limitations of using such funds for physical conditioning. [REDACTED] reiterated some of the points made in the OGC opinion. [REDACTED] asked if we could use the portion of Section 8 of the CIA Act dealing with health service programs to expend appropriated funds to promote and maintain the physical and mental fitness of employees. It was [REDACTED] opinion that a careful examination would have to be made of the underlying justification for a physical fitness program before recourse to that authority. Mr. Blake indicated that our Congressional Committees would have to be briefed before such expenditures were made from appropriated funds for new programs. He was of the opinion that the \$15,100 needed for access to the facilities area is a security requirement which should be provided for by appropriated funds.

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4. At the conclusion of the discussion the DDCI asked the Office of Personnel to develop a revised proposal which would request approval of the following:

a. Use of the proposed site for recreational facilities to be funded by CEAF and EAA.

b. Provision in future budgets of specific appropriations for facilities for physical fitness of employees.

STATINTL

5. Mr. Blake is to discuss this matter with Messrs. to ensure there are no problems in their areas. has asked to check with State to determine who pays for the tennis courts provided in many overseas areas.

6. When the revised proposal is prepared and necessary reviews made, the DDCI will discuss with the Director.

STATINTL



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CENTRAL EMPLOYEE ACTIVITIES FUND (CEAF)

- 25X1
25X1A
1. ☐ The Central Employee Activities Fund (CEAF) is described in ☐ as follows:

"A Central Employee Activities Fund has been established from excess net profits of existing self-sustaining personnel service or recreational activities and net proceeds from the termination and liquidation of the assets of such activities. Subject to the approval of the Deputy Director for Support, these funds are used for the general benefit and morale of Agency personnel, such as, recreational activities; for the establishment of new self-sustaining activities; or for providing financial relief to existing self-sustaining activities."

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This Fund originated in November 1960 and was first known as the Agency Central Club Fund. Its initial source of funds was approximately \$21,000 resulting from sale of club property ☐ when that club was closed. Subsequent club closings have also produced revenue which has been added to the Fund. The Fund has also increased through investment income. At attachment A is a copy of a 21 November 1960 memorandum from the Acting Comptroller to the Deputy Director for Support, recommending establishing the Agency Central Club Fund. At attachment B is a copy of a 23 July 1962 memorandum from the Director of Personnel to the Deputy Director for Support recommending a policy that the Fund be used "in support of Agency sponsored recreation and welfare programs in Headquarters or the Field subject to specific approval by the Deputy Director (Support), or his designee, of each transaction involving the use of such funds." At attachment C is a copy of OGC 60-1381 to the Comptroller, dated 24 October 1960, indicating it "perceives no legal objection to the establishment of such a fund."

- 25X1
2. ☐ All expenditures from the Fund require the approval of the Deputy Director for Administration. Financial administration is the responsibility of the Office of Finance; however, since 1966 the Office of Personnel, in the name of the Employee Activity Association, has assumed responsibility as Trustee of the Fund. As such, it carries out deposit, payment, and investment instructions of the Office of Finance. The balance in the Fund as of 31 May 1977 was \$88,492.45.

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61-1914
06060-1156
06062-1637
~~06062-1637~~

21 NOV 1960

MEMORANDUM FOR : Deputy Director (Support)

SUBJECT : Establishment of Central Fund to Receive
Proceeds from Closed Clubs, Messes and
Other FacilitiesREFERENCES : (a) [REDACTED]
(b) [REDACTED]
(c) DIR 03122
(d) OGC Memorandum No. OGC 60-1381

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1. This memorandum requests concurrence in the recommendation set forth in paragraph 5 below.

2. The contemplated closing of the [REDACTED] installation has necessitated closing the [REDACTED]. As per reference (a) it was first anticipated that the net cash balance resulting from liquidation of the Club would be approximately \$2,500; however, subsequent information forwarded via reference (b) indicates that the sale of club property, when accomplished, may raise this figure to approximately \$21,000. In reply to reference (a), Headquarters forwarded reference (c) advising Chief of Station, [REDACTED] to have the [REDACTED] Club transfer to Headquarters the net cash on hand as well as proceeds from sale of club property which will be held in escrow pending establishment of a Central Club Fund.

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3. The Office of General Counsel was asked to rule on the legality of establishing an Agency Central Club Fund with the proceeds received from the [REDACTED] Club assets. The Office of General Counsel has advised (reference (d)) that it perceives no legal objection to the establishment of such a fund.

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4. The Department of the Army and the Department of the Air Force have had in existence for many years non-appropriated welfare funds. Financial support of these funds is derived in part but not limited to a percentage of the profits from the Army and Air Force exchange and motion picture services and from the sale of property remaining when command or unit non-appropriated fund activities are dissolved. Disbursements from these welfare funds may be made for, but not limited to, expenses related to sports, recreational, educational, religious, and welfare programs and activities. The existence of the Army and Air Force welfare funds provides a precedent for the establishment of a central fund for clubs, messes and other facilities in our Agency.

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SUBJECT: Establishment of Central Fund to Receive Proceeds from Closed Clubs, Messes and Other Facilities

5. Consistent with the proposed treatment relating to the funds to be derived from liquidation of [redacted] as previously discussed with you, it is recommended that:

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- a. The proceeds from [redacted] be utilized to initiate an Agency Central Club Fund;
- b. An interest bearing savings account be established at headquarters through the facilities of the Finance Division, Monetary Branch for cash held on deposit for the Agency Central Club Fund, with interest accruing to the fund; and
- c. Such funds be used for the establishment and financial support of non-appropriated fund activities of the Agency, subject to the prior written approval of the Deputy Director (Support) of each transaction involving the use of such funds until such time as specific policies have been established relating to the control and purpose for which the funds will be used.

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[redacted]

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Acting Comptroller

CONCUR:

[redacted]

L. K. WHITE
Deputy Director (Support)

Date

Distribution:

- 10-11-33
- 1 - TAS (w/ [redacted])
 - 1 - C/ED
 - 1 - GC
 - 1 - D/Log
 - 1 - FE Div.
 - 1 - SSA-ED/S
 - 1 - C/Audit
 - 1 - Compt.
 - 1 - DD/S Chrono
 - 1 - DD/S Subject

SECRET

OGC 62-1437
DD/S 62-37311

23 JUL 1962

MEMORANDUM FOR : Deputy Director (Support)

SUBJECT : Agency Central Club Fund

1. This memorandum contains a recommendation for consideration and approval by the Deputy Director (Support).

2. When the [] was closed in 1960, the sum of approximately \$21,000 was realized from the sale of its assets. This money was transferred to Headquarters where it was deposited in an interest-bearing savings account designated as the Agency Central Club Fund. To date no withdrawals have been made from the Fund.

3. The Central Club Fund is administered by the Comptroller according to recommendations contained in a memorandum to the Deputy Director (Support), dated 21 November 1960, which stipulates that "such funds be used for the establishment and financial support of non-appropriated fund activities of the Agency subject to the prior written approval of the Deputy Director (Support) of each transaction involving the use of such funds until such time as specific policies have been established relating to the control and purpose for which the funds will be used."

4. The Office of General Counsel in a memorandum to the Comptroller, dated 24 October 1960, stated that it "perceives no legal objection to the establishment of such a fund inasmuch as it has been determined at Headquarters that it will be used for the maintenance of morale and efficiency of personnel living under conditions caused by factors peculiar to the mission of the Agency. The Office of General Counsel memorandum envisions the use of the Central Club Fund to provide recreational and service facilities in overseas areas although it does not specifically bar such use for similar purposes in Headquarters.

5. We believe that these funds could properly be expended in support of Agency sponsored recreation and welfare activities at Headquarters as well as in the field when the use of appropriated funds is not sanctioned. To clarify the issue, therefore, it is recommended that:

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GROUP 1
Excluded from automatic
downgrading and
declassification

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The Deputy Director (Support) approve, as a matter of policy, the use of the Agency Central Club Fund in support of Agency sponsored recreation and welfare programs in Headquarters or the field subject to specific approval by the Deputy Director (Support), or his designee, of each transaction involving the use of such funds.

/s/ Emmett D. Echols

Emmett D. Echols
Director of Personnel

Concur:

25X1A

24 JUL 1962

Office of General Counsel

Approved:

SIGNED H. Gates Lloyd

09 AUG 1962

Acting Deputy Director (Support)

Distribution:

- 0 & ~~X~~ -- D/Personnel
- 1 - OGC
- 1 - Comptroller
- 2 - DD/Support
- 2 - C/BSD (w/h)

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OP/BSD [] blh (19 July 1962)

SECRET

Excluded from automatic
downgrading and
declassification

SECRET

OC 60-133

24 October 1960

MEMORANDUM FOR: Comptroller

SUBJECT: Establishment of a Revolving Fund at Headquarters
for Use in the Establishment of Service and
Recreational Facilities in the Field

25X1A 1. In connection with the termination of the activities of the [redacted] Station, there has been made available a sum of money (\$2,000 - \$3,000) in the form of non-appropriated funds, being the net profit remaining after the settlement of all club accounts.

2. It has been suggested that this money be used to establish a revolving fund at Headquarters for future use in the setting up of recreational and service facilities in other areas. The Office of General Counsel perceives no legal objection to the establishment of such a fund inasmuch as it has been determined by Headquarters that it will be used for the maintenance of morale and efficiency of personnel living under conditions caused by factors peculiar to the mission of the Agency.

[redacted]
Assistant General Counsel

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cc: DD/S
SRA/DCS
D/Personnel

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ROUTING AND RECORD SHEET

SUBJECT: (Optional)

DD/A Registry
File *Personnel 11*

FROM:

Director of Personnel
5 E 58 HQ

EXTENSION

NO.

DATE

23 JUN 1977

TO: (Officer designation, room number, and building)

DATE

OFFICER'S INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1.

Assistant to the DDCI

2.

3.

4.

5.

6.

7.

8.

9.

10.

11.

12.

13.

14.

15.

George:

This is in response to your telephone conversation with [redacted] this morning, in which you requested:

(1) a memorandum for the record concerning the meeting held with Mr. Knoche on 17 June on the subject of physical conditioning and recreational facilities (Tab A) and

(2) a briefing paper concerning the Central Employee Activities Fund (Tab B, with supplemental papers).

/s/ F.W.M. Janney

F. W. M. Janney

Dist:

0 - Add (w/0&1 of atts)

1 - EO-DD/A

1 - D/Pers Chrono

1 - RDK Chrono

OD/Pers/[redacted]:jmm

(23 JUN 1977)

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